

28 September 2023

Australian Securities Exchange
Attention: **Companies Department**

BY ELECTRONIC LODGEMENT

Dear Sir / Madam

Please find attached a presentation to be presented to analysts today regarding Brickworks Limited's financial results for the year ended 31 July 2023, for immediate release to the market.

This announcement has been authorised for release by the Brickworks Board of Directors.

Yours faithfully

BRICKWORKS LIMITED

Susan Leppinus

Company Secretary



1

Today

Agenda

Responsible Business	01
Asset Growth & Shareholder Returns	02
FY23 Highlights	03
Divisional Review	04
Financials	05
Outlook	06
Questions	07

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BKW FY2023 Results 28.09.2023 2

2

Responsible Business

Section 01 Mr. Lindsay Partridge

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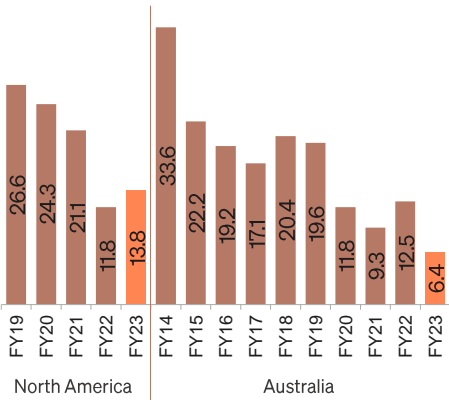
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Safety

A sustained decrease in workplace injuries has been achieved

- Overall, the reportable injury rate decreased to 10.0 in FY23, down from 12.2 in FY22¹
 - Improvement recorded in Australia, reflecting long-term downward trend
 - Increase in injury rate in North America, with 40% attributable to new employees (with less than one year of service)
- Fatal accident involving an employee of a contractor, at our Austral Masonry site in Cairns
- Continued implementation of safety management systems and procedures, together with behavioural leadership and safety training programs

Total Reportable Injury Frequency Rate (TRIFR)¹
Injuries per million work hours



1. The FY22 TRIFR has been restated to reflect the date of injuries being incurred (rather than the treatment date)

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28.09.2023

4

4

Sustainability Achievements

📉 46%

reduction in carbon emissions (scope 1 and scope 2) in Australia since 2006

📈 18%

energy efficiency improvement in North American operations since the initial acquisition in 2019

📊 11%

percentage of biofuels in energy mix in FY23 (in Australia)

🕒 10 yrs

of our Longford Operation being carbon neutral

🕒 100 yrs

colourfast and durability warranty on our bricks

📈 25%

of product volume in Australia was verified as sustainable by third parties in FY23

🏡 218,000

square metres of land rehabilitated in FY23

💧 11%

mains water reduced in FY23 (from prior year)

💰 \$261,000

funds raised for Children's Cancer Institute (with over \$4.8 million contributions since 2002)

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5

Brickworks is moving forward

New commitment to achieve a 15% reduction in Scope 1 and Scope 2 greenhouse gas emissions by 2030, from a 2022 baseline, across our combined Australian and North American operations

Asset Growth & Shareholder Returns

Section 02 Mr. Lindsay Partridge

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Oakdale West Estate

Asset Growth – Review of Past 5 Years

The past five years has been a period of transformation for Brickworks, with gross assets (on balance sheet) doubling to more than \$6.1 billion

Major Achievements and Initiatives Since FY2018

Building Products	<ul style="list-style-type: none">International expansion, with the creation of Building Products North AmericaMajor capital investment program (Australia and North America)Portfolio refinement and optimisation (acquisitions, growth investment and divestments)
Property	<ul style="list-style-type: none">Fast-tracked land releases and development of industrial facilities in response to market trends and strong customer demandCreation of Brickworks Manufacturing Trust\$1.7 billion increase in net property trust assets (since 31 July 2018)
Investments	<ul style="list-style-type: none">SOL acquisition of Milton to create Australia's leading diversified investment company (Brickworks retains position as the largest shareholder)Strategic stake established in FBR, with Brickworks now the largest shareholder

Over the past five years, Brickworks gross assets (on balance sheet) have doubled to more than \$6.1 billion, and net assets have increased by almost 70% to \$3.6 billion (equating to \$19.96 per share)

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28.09.2023

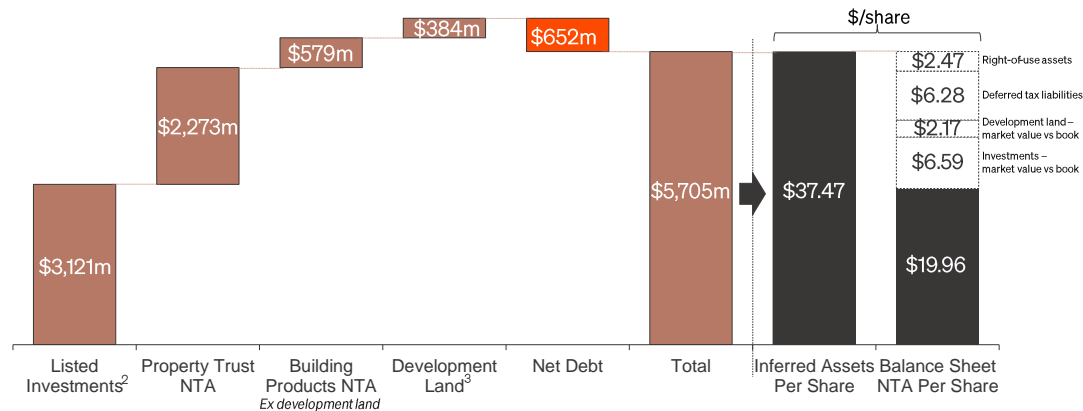
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7

Inferred Asset Backing

Brickworks' current inferred asset backing is over \$37 per share

Inferred Asset Value¹ (31 July 23)



1. Asset values as at 31 July 2023. Building Products NTA includes AASB 16 (Leases) right-of-use assets

2. Includes SOL and FBR shareholding at market price 31 July 23

3. "Development Land" comprises three sites identified for development, currently held at book value within Building Products. Based on independent market valuations, these sites have a combined "as-is" value of \$384 million

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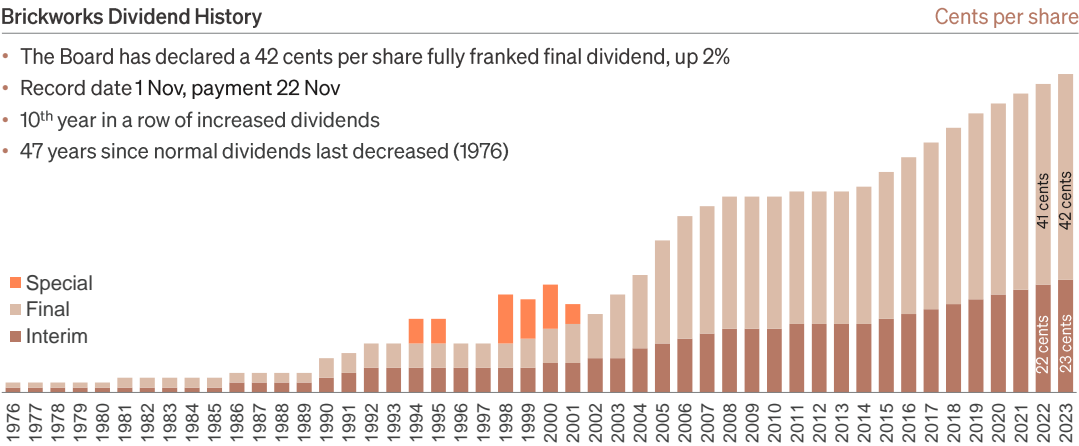
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8

8

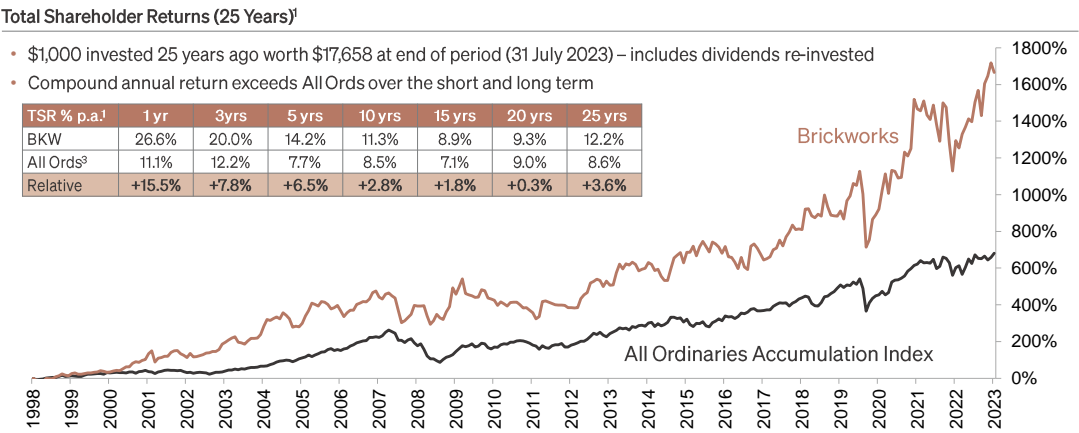
Dividends

Brickworks' normal dividend has now increased ten years in a row



Shareholder Returns

Brickworks has created significant shareholder value over the long term



FY23 Highlights

Section 03 Mr. Lindsay Partridge

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11

FY23 Overview

Underlying NPAT \$508m

Although earnings are lower than the record achieved in the prior year, FY23 has been another successful year for Brickworks' diversified portfolio of businesses

Value of Property Trusts up by \$520m & strong development pipeline in place

Brickworks' share of WHSP market value up \$685m

Major capital program across Building Products largely completed, headlined by new brick plant in Western Sydney

Gearing (net debt / equity) of 18%

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28.09.2023

12

12

FY23 Financial Highlights

\$784m

EBITDA ↓ 26%
(continuing operations)

\$508m

Underlying profit ↓ 32%
(continuing operations)

\$395m

Statutory profit ↓ 54%

\$3.34

Underlying EPS ↓ 32%
(continuing operations)

\$19.96

NTA Per Share ↑ 9%
vs 31 July 2022

42 cents

Final Dividend ↑ 2%
fully franked

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Divisional Review

Section 04 Mr. Mark Ellenor

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Property – FY23 Highlights

\$506m

EBIT↓ 21%

\$301m Sale
of Oakdale
East Stage 2

>1 million m²

Leased area within Industrial JV Trust, following completion of new facilities at Oakdale West

+37%

Increase in net trust income, to \$50 million

\$520m

Increase in value of net Property Trust assets

21%

Gearing within Property Trusts, down from 24%

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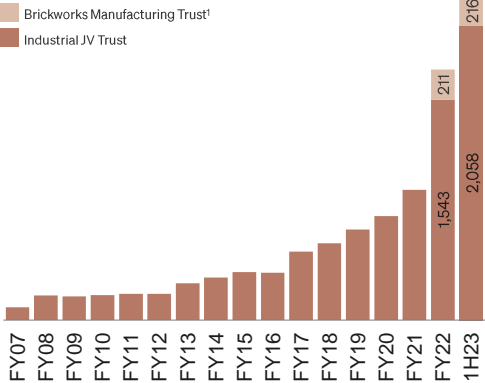
BKW FY2023 Results 28.09.2023 15

Property Trust Asset Value

The net value of Brickworks' share of Property Trust assets increased by \$520 million during the year

\$MILLION	FY22	FY23	CHANGE
Leased properties	3,763	4,908	30%
Land under development	867	878	1%
Total Property Trust assets	4,630	5,786	25%
Borrowings	(1,123)	(1,239)	10%
Net Property Trust assets	3,507	4,547	30%
BKW 50% share	1,754	2,274	30%
Gearing	24%	21%	(13%)

BKW share of Net Property Trust Assets
\$millions



1. During the year, the Brickworks Manufacturing Trust capitalised stamp duty costs, resulting in an increase in assets (despite a small revaluation loss)

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BKW FY2023 Results 28.09.2023 16

OAKDALE EAST STAGE 2 - 28 AUGUST 2023

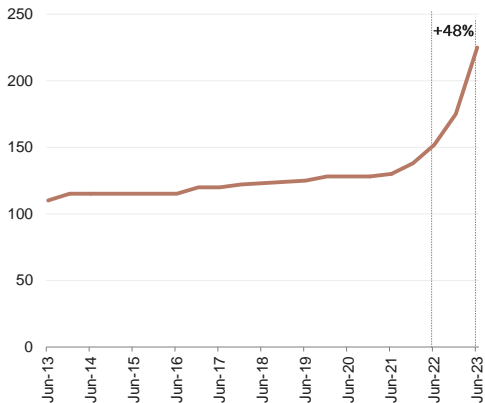


17

Market Trends – Prime Industrial Rent

Market rent for prime industrial property has increased significantly in the past 12 months, particularly in Western Sydney

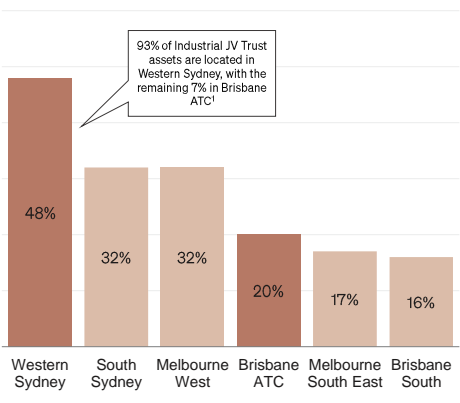
Western Sydney Average Prime Industrial Rent
\$ per square metre



1. Australian Trade Coast (economic development precinct including Brisbane port and airport regions)
Source: Colliers Research

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Prime Industrial - Rental Growth
12 months to June 23



93% of Industrial JV Trust assets are located in Western Sydney, with the remaining 7% in Brisbane ATC¹

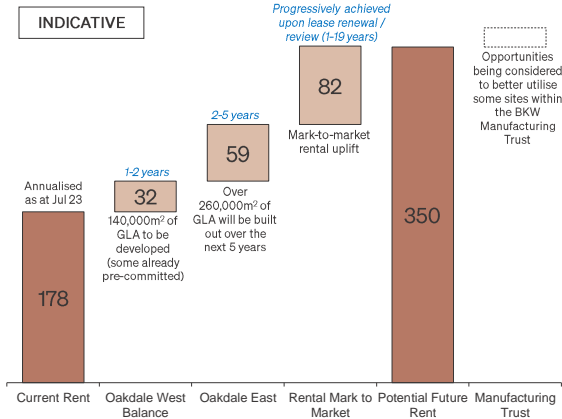
18

Property Trust Rent – Future Growth (Existing Trust Assets)

There is a considerable opportunity to increase rental income from the Property Trusts over the coming years

- Current annualised rent is \$178 million
- The average passing rent within Industrial JV Trust is \$148/m², 34% below current market rent (~\$225/m²)
- At market, the rent potential (of current Trust assets) is circa \$350 million. This includes:
 - Completion of Oakdale West (+\$32m)
 - Completion of Oakdale East (+\$59m)
 - Mark-to-market rental uplift on currently leased assets - upon renewals (+\$82m)
- No further capital investment is required by Brickworks to achieve uplift in rent
- Future market rent to continue to be supported by the significant increase in construction costs, strong demand and tight supply.
 - The step-change increase in market rent should eventually be fully reflected in valuations

Potential Growth of Property Trust Net Rent¹
\$million



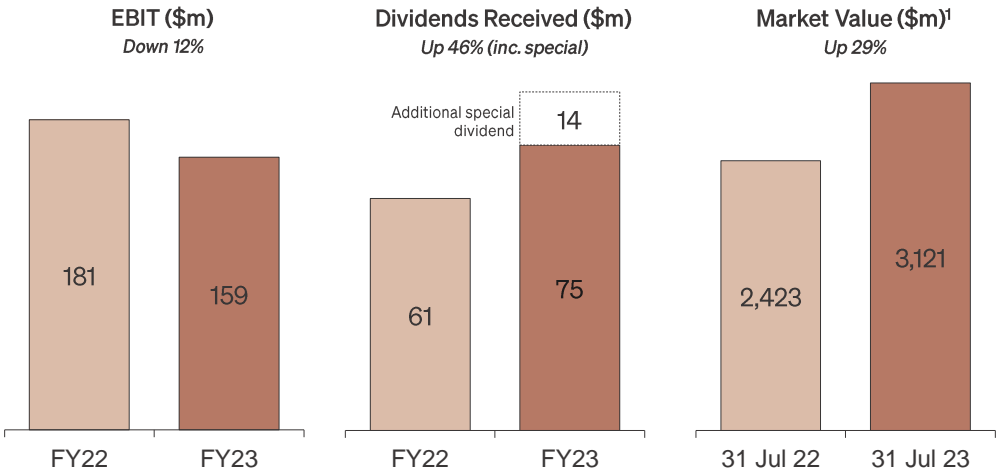
1. Forecasts assume net rent of \$225/m² (representing the June 2023 average market rent for prime industrial property in Western Sydney)
Source: Colliers Research

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BKW FY2023 Results 28.09.2023 19

Investments – FY23 Result

Although EBIT was lower, Investments delivered higher dividends and increased market value in FY23



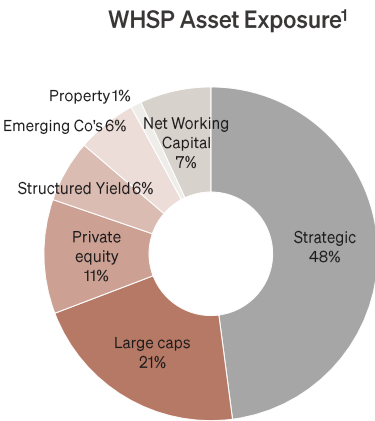
1. The majority of the FBR stake was acquired during 1H23. As such, FY23 includes the SOL and FBR holdings, whereas FY22 only includes SOL

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Investments - Major Shareholder in WHSP (ASX:SOL)

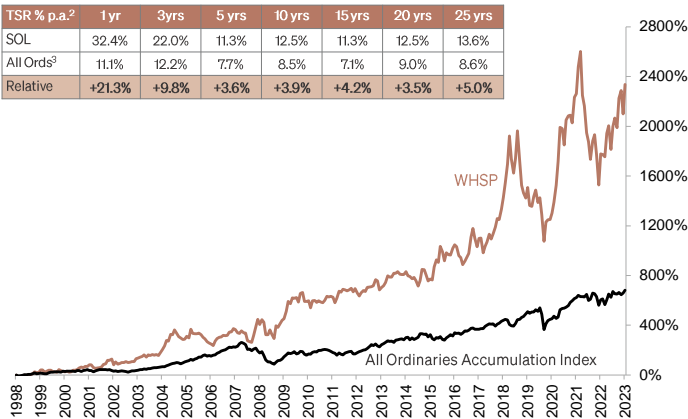
Brickworks is the largest shareholder in Australia's leading publicly listed investment house



1. As at 31 July 2023
2. Investment period shown is to 31 July 1998 – 31 July 2023. Includes dividends re-invested
3. All Ordinaries Accumulation Index

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WHSP Total Shareholder Returns



BKW FY2023 Results 28.09.2023 21

Building Products Australia

Overview of Market Activity and Key Exposure

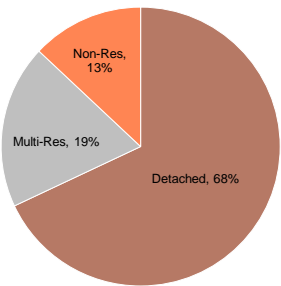
Building Activity by State¹

12 months to Jun 23 (vs 12 months to Jun 22)



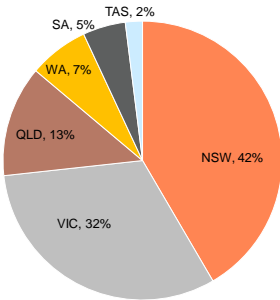
Segment Exposure

Sales revenue by end market



Regional Exposure

Sales revenue by state



1. Detached House and Multi-Residential Commencements. Non-Residential value of work done. Source: BIS Oxford Economics Jun 2023 forecast. Data shown for NSW also includes ACT, to align with Brickworks' sales regions.

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BKW FY2023 Results 28.09.2023 22

Building Products Australia FY23 Result

Building Products Australia EBITDA was down by 13% (excluding the impact of land sales included in last year's result)

- Sales resilient, despite the decline in commencements
- Margins were adversely impacted by inflationary pressures, including:
 - Austral Bricks unit cost increases include electricity +28%, labour +13%, maintenance +12%
 - Raw materials cost increases of circa 20% across Austral Masonry and Bristle Roofing
- Price increases partially offset cost impacts; additional increases implemented late in year
- Additional -\$5 million EBIT impact (vs the prior period) following the launch of the Brickworks Manufacturing Trust
- Exit of Austral Bricks Western Australia

\$MILLION	FY22	FY23	CHANGE
Revenue	694	734	6%
EBITDA	205	100	(51%)
EBIT	153	53	(65%)
EBITDA (Ex Land Sales ¹)	116	100	(13%)
EBIT (Ex Land Sales)	64	53	(17%)
EBITDA margin	16.7%	13.7%	(18%)

1. "Land Sales" includes \$89 million profit from sale of land into the BKW Manufacturing Trust (FY2022)

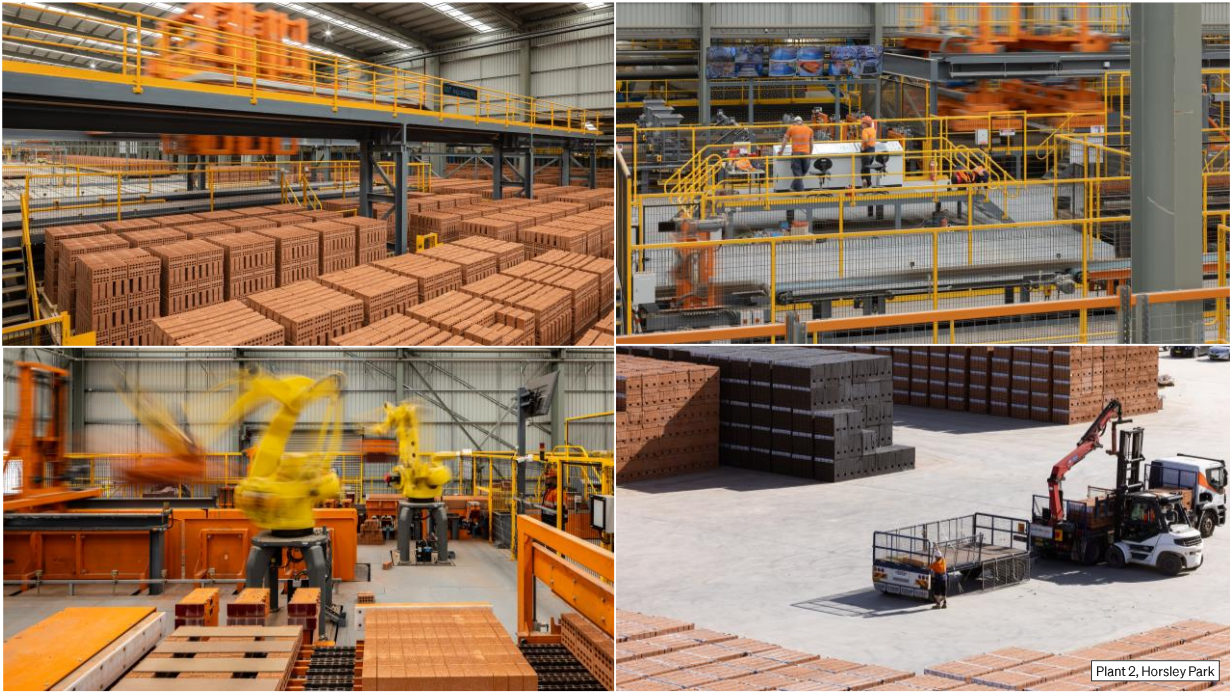
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BKW FY2023 Results

28.09.2023

23

23



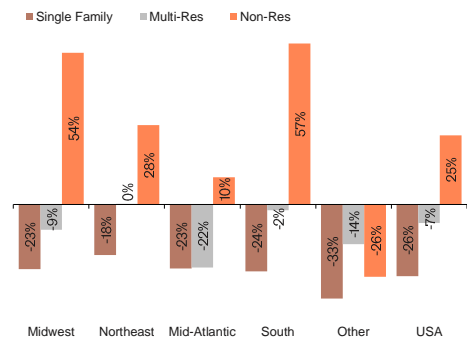
24

Building Products North America

Overview of Market Activity and Key Exposure

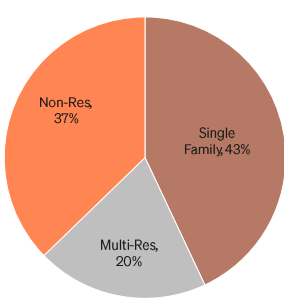
Building Activity by Region¹

12 months to Jun 23 (vs 12 months to Jun 22)



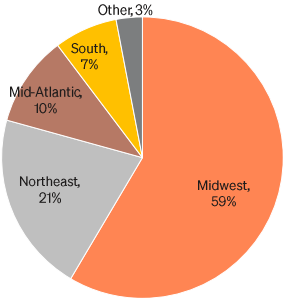
Segment Exposure

Sales revenue by end market



Regional Exposure

Sales revenue by region



1. Single Family and Multi-Residential Commencements. Non-Residential value of work done. Source: Dodge Data & Analytics

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28.09.2023

25

Building Products North America – FY23 Result¹

Building Products North America EBITDA decreased, with margins adversely impacted by significant inflationary pressures

- Uplift in revenue driven by:
 - Strong price rises achieved
 - Increased sales through retail network
- Earnings include a \$7 million benefit from the sale & leaseback of a retail outlet
- Margins impacted by inflationary pressures and supply chain issues
 - A tight labour market led to significantly higher labour costs
- Multi-year plant rationalisation program complete
- Extensive upgrades to Adel and Sergeant Bluff

AU\$MILLION	FY22	FY23	CHANGE
Revenue	399	447	12%
EBITDA	48	40	(18%)
EBIT	25	13	(49%)
EBITDA (Ex Land Sales)	35	33	(5%)
EBIT (Ex Land Sales)	12	6	(47%)
EBITDA margin	8.8%	7.5%	(16%)

1. An average exchange rate for each half year period is used to convert from \$US to \$AU. The conversion rates used are: 1H23 US\$0.67; 2H23 US\$0.67; 1H22 US\$0.73; 2H22 US\$0.71

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28.09.2023

26

Financials

Section 05 Mr. Grant Douglas

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27

Financials – FY23 Overview

- Lower earnings across all divisions
- Borrowing costs increased due to a higher average interest rate on debt and additional leases (including the Brickworks Manufacturing Trust)
- Underlying tax lower, in line with earnings decrease
- Significant items and discontinued operations decreased statutory NPAT by \$114 million

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\$MILLION	FY22	FY23	CHANGE
Total EBITDA	1,058	784	(26%)
Depreciation & amortisation	76	75	(1%)
EBIT	982	709	(28%)
Borrowing costs	(20)	(53)	(163%)
Underlying income tax	(216)	(148)	31%
Underlying NPAT (from continuing operations)	746	508	(32%)
Significant items & discontinued items	108	(114)	NA
Statutory NPAT	854	395	(54%)

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28.09.2023

28

28

Financials – Significant items

- A non-cash impairment of \$35 million, primarily related to Austral Bricks WA, as reported in 1H23 (in consideration of the loss of market share and poor outlook for that business)
- \$23 million in costs associated with the exit from the Western Australian brick market in 2H23
- \$18 million plant relocation and commissioning
 - Oakdale East masonry plant
 - Horsley Park brick plant
- \$14 million restructuring costs, primarily relating to plant closures in North America
- A \$1 million tax benefit arising from the carrying value of WHSP
- Significant items relating to Investments of -\$8 million
- Other costs include acquisitions, legal and IT

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\$MILLION	GROSS	TAX	NET
Impairment of non-current assets	(49)	15	(35)
Austral Bricks WA exit costs	(32)	10	(23)
Plant relocation / commissioning	(25)	7	(18)
Restructuring	(19)	5	(14)
Income tax arising from the carrying value of WHSP	-	1	1
Significant items relating to Investments	(10)	2	(8)
Other costs	(8)	2	(7)
TOTAL	(144)	41	(103)

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28.09.2023

29

29

Financials – Cash Flow Reconciliation

- Decrease in operating cash flow
 - Lower Building Products earnings
 - Plant commissioning expenses incurred
 - Higher borrowing costs
- Elevated capital expenditure of \$114 million for the period, primarily related to construction of the new brick plant in Sydney
 - Major capital program now largely completed
- Dividend payments of \$97 million

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\$MILLION	FY22	FY23
Statutory net profit after tax	854	395
Depreciation, amortisation	78	75
Non-cash impairments	164	69
Gain on deemed disposal of an associate	(722)	12
Non-cash revaluations within Property Trust	(614)	(191)
Share of profits of associates not received as dividends	82	(87)
Losses / (gains) on disposals of PPE	(115)	(298)
Working capital movements	(6)	18
Changes in tax provisions	413	101
Other items	(4)	3
Operating cash flow	130	97
Acquisitions (net of cash)	75	2
Capital expenditure	134	114
Dividends paid	94	97

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28.09.2023

30

30

Financials – Key Indicators

- Total shareholder’s equity increased by \$301 million during the year, or \$1.92 per share
 - Reflects strong statutory profit, offset by dividend payments
- Net debt increased by \$159 million to \$652 million, primarily due to capital investments
- Gearing increased to 18%
 - Higher net debt partially offset by increased asset base
- Significant headroom within existing banking covenants

	FY22	FY23	CHANGE
NTA per share	\$18.34	\$19.96	9%
Shareholders equity	\$3,260m	\$3,561m	9%
Shareholders equity per share	\$21.48	\$23.40	9%
Underlying return on shareholders equity	23%	14%	(38%)
Operating cash flow	\$130m	\$97m	(26%)
Net debt	\$493m	\$652m	(32%)
Gearing (net debt / equity)	15%	18%	(21%)
Interest cover	35x	13x	(63%)

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28.09.2023

31

Outlook

Section 06 Mr. Lindsay Partridge

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Outlook

	<ul style="list-style-type: none">• Significant growth in net rental income is forecast from the Property Trusts over the coming years (from new developments and lease renewals of existing assets)• In FY24 we expect lower development profits (vs FY23) due to the timing of development completions, and we expect the portfolio valuation to be underpinned by the strong rental growth (even if capitalisation rates expand further)
Property	<ul style="list-style-type: none">• Continuing to evaluate the development potential or sale of additional sites
	<ul style="list-style-type: none">• A period of weaker demand is expected once the existing backlog of work is completed• Margins will be supported by higher prices, prior period rationalisation activities and plant efficiency improvements following recent capital investments
Building Products	<ul style="list-style-type: none">• Reduced capital investment over the medium term
Investments	<ul style="list-style-type: none">• History of long-term outperformance by WHSP expected to continue
	<ul style="list-style-type: none">• Following a period of significant investment, our short-term priority is to maximise returns from the enlarged asset base and increase cash generation• With a diversified portfolio of high-quality assets and low gearing, Brickworks is well placed to meet future challenges
Group	

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28.09.2023

33

Questions

Section 07

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Mixed-use residential development (Newcastle, NSW)
San Selmo smoked bricks

Thank you

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Disclaimer

The Board has authorised the release of this announcement to the market

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